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Irish Life

INVESTMENT OUTLOOK

AUTUMN UPDATE 2018

Irish Life Investment Managers are part of the Great West Lifeco group of companies, global leaders in financial services. We have over €71.6bn* in assets under management on behalf of our domestic and international clients who trust, believe and invest in our award-winning investment capabilities. In return, we aim to deliver class-leading service and products to our customers, both domestically and internationally.

*Source: ILIM, correct as at 30/06/2018

European Pensions AWARDS 2018
WINNER
Passive Manager of the Year

Irish Pensions AWARDS 2017
WINNER
Equities Manager of the Year

Irish Pensions AWARDS 2017
WINNER
Investment Manager of the Year

So far, 2018 has been relatively uneventful. Globally, stock markets appear to be taking a breather from 2017 when double-digit returns were all the rage. In fact, except for the Nasdaq, it is hard to find double-digit returns in any major market. The good news is that, although they are lower, stock market returns are still broadly positive.

In the background, however, there are other factors at work which may change the 'mood music' for investors in 2019. Interest rates have been rising in the US for the last three years and the time for them to rise in Europe looms large. The good news is that increases are unlikely to materialise before the second half of 2019 and have been well flagged. The question is whether the eurozone economies are strong enough yet to deal with higher interest rates.

Then there is Donald Trump. There are many areas of potential concern. Does he stay or leave office? What happens with China and the tariff threats? Where is the investigation into the Russian scandal going? These are not only issues for the US, they are issues for every investor globally. The growing uncertainty and noise around his administration is likely to give rise to increased market volatility.

Brexit is the gift that keeps on giving. It is increasingly difficult to distinguish between political posturing and the reality that is likely to prevail in March 2019. What is certain is that everything is uncertain, and markets don't like uncertainty. As the deadline draws closer and the potential for a 'no-deal' Brexit rises, we expect volatility in stock markets and currencies to increase.

Rising volatility itself is not a particular concern. Indeed, it is a normal and necessary part of any functioning market. What is of concern is the behaviours of markets and investors alike to any rise in volatility and the biases that come out in us all. Being greedy at the top and panicking at the bottom, or making short-term decisions with long-term investments – most of us are guilty of these. Awareness is the first step to redemption. The second is investing in well diversified portfolios and staying invested through short-term bumps. Together, these steps should see you through 2019 and beyond.

CONTENTS

EQUITY MARKETS

STEADY AS SHE GOES IN 2018

SECTION 1

EQUITY MARKETS – STEADY AS SHE GOES IN 2018

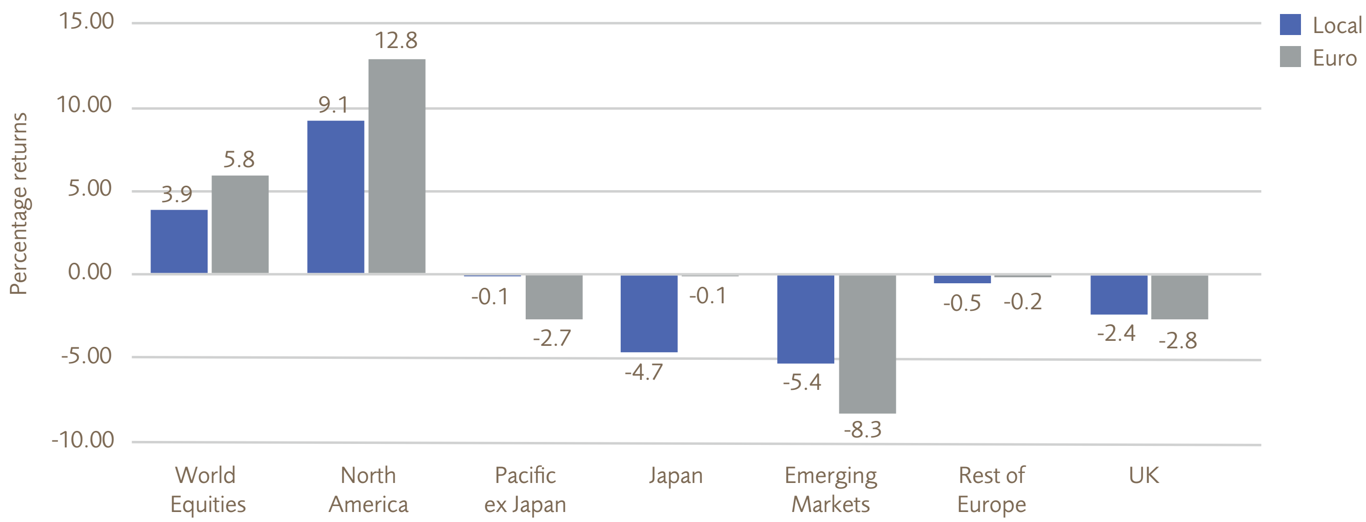
- 2018 review to date
- Outlook for the remainder of 2018
- Summary

2018 REVIEW TO DATE

Despite various risk factors that have arisen in the year to date, equity markets have generated positive returns throughout the first nine months of 2018. Returns in euro terms have been slightly higher than those in local currency, due to the weaker euro since mid-April.

As shown in the chart below, the positive return in global equities has, however, been concentrated in North America, particularly the US, following the fiscal stimulus measures introduced there at the beginning of the year, which has boosted both economic growth and corporate earnings. US GDP has averaged 3.1% over the first half of 2018, reaching 4.2% annualised in the second quarter, compared to growth of 2.2% in 2017, as cuts in income and corporate tax rates, as well as increased tax breaks for investments have boosted growth. Likewise, US corporate earnings have been strong, rising 26% year on year in the recent second-quarter reporting season, as the reduction in the corporate tax rate to 21% added to the already positive fundamental backdrop.

CHART ONE: MARKET PERFORMANCE YTD TO 11 SEPTEMBER 2018



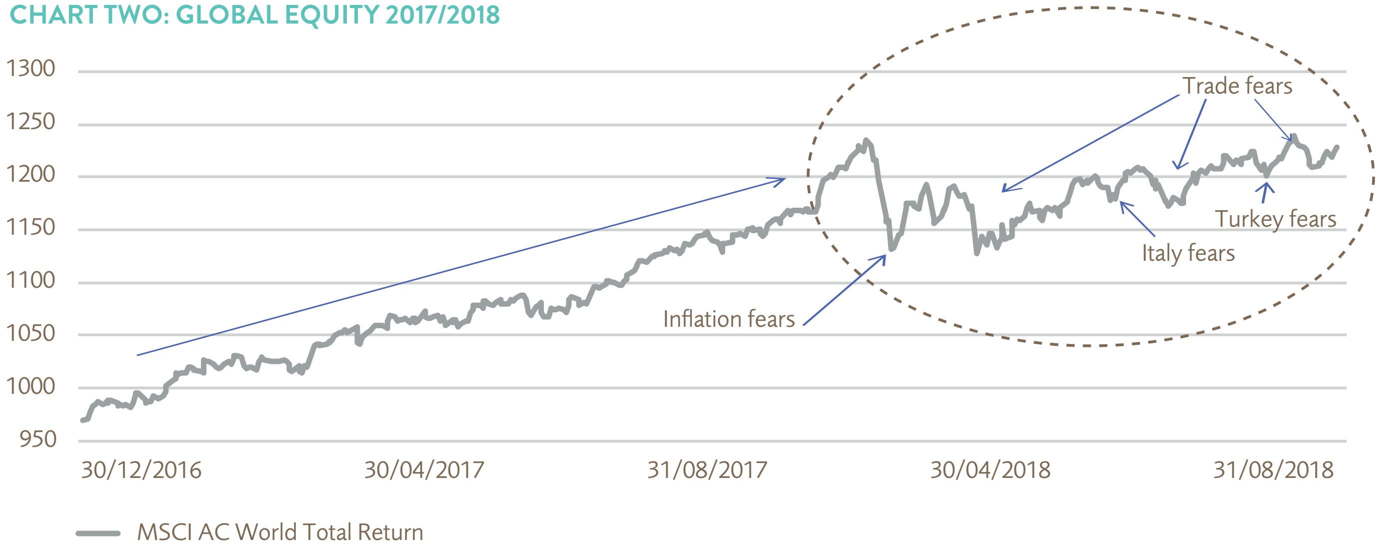
Source: Bloomberg

In contrast to the US, among the regions that have performed the worst are Japan and emerging markets. In the case of Japan, a stronger yen (which is negative for exporters), political scandals and negative first-quarter GDP growth have acted as a drag on the equity market. In relation to emerging markets, a stronger US dollar has been negative for investor flows into the region but has also reduced the debt-servicing capacity of companies who have borrowed in US dollars.

The escalation of trade concerns has also been a particular negative for emerging markets, given the dependence of growth in many of these countries on global trade.

While the above chart highlights the positive returns evident in global equities in the year to date, the volatility in markets has significantly increased this year compared to 2017. This is shown in the chart overleaf.

CHART TWO: GLOBAL EQUITY 2017/2018



Source:

Equity markets rose in a straight line in 2017 (more or less), as news flow tended to exceed expectations in terms of growth and earnings. However, 2018 has been quite different. While the trend has remained upwards, it has been a much bumpier ride this year. There are concerns around potentially higher inflation, various political tensions, the outlook for growth outside the US and, in particular, an escalation of risks around global trade. These have all contributed to pullbacks in equities at various times over the last nine months.

OUTLOOK FOR THE REMAINDER OF 2018

Following the positive, although more volatile, returns evident in global equities year to date, what is the outlook for the remainder of the year?

ECONOMIC BACKDROP

On the economic front, overall global growth has been relatively stable. The global economy has grown at a rate of 3.2% in the first half, compared to 3.3% in 2017 as a whole. Growth in 2018, however, has been less synchronised than last year – growth is now more concentrated in the US. While US growth has improved to 3.1% in the first half, compared to 2.2% last year, growth in the eurozone has slipped to 1.6% from 2.5% last year, to 0.5% in Japan versus 1.7% in 2017. In China, meanwhile, growth in recent months has eased back to just over 6.0% from 6.9% last year.

The less synchronised nature of global growth leaves the global economy and, hence, equity markets more vulnerable to shocks, as has been highlighted on a number of occasions this year. But we believe that global growth will remain strong at around 3.3% this year and over 3% in 2019, with the balance of growth set to improve again from the second half of this year. Leading indicators, such as global Purchasing Managers' Indices (PMIs), are consistent with 3%-plus growth in the global economy, while business sentiment surveys, consumer confidence readings, hiring and capex intentions all suggest global growth will remain strong over the next 2–3 years. We also expect a rebalancing of growth in the second half of 2018 and into next year, with an improvement in regions outside the US. A number of European business sentiment surveys have improved in recent weeks, while fiscal and monetary stimulus measures introduced in China in recent months should begin to stabilise and improve Chinese growth into year-end.

TRADE CONCERNS

Any easing of trade concerns would also act as a significant boost to growth in regions outside the US in the second half of the year. The recent trade agreement between the US and Mexico, and the hopes that Canada will also join the agreement to create a new North American Free Trade Agreement (NAFTA), reduces the risks of a trade war in North America. The truce agreed between the US and the EU, where an agreement was reached that no new tariffs will be announced while trade discussions to lower trading barriers between the two continue continues, has also helped to defuse the risks around global trade.

While tensions remain between the US and China, we believe a desire on the part of both to avoid the worst costs of further escalation, via potential job losses and increased price pressures, will ultimately result in a compromise being reached. We expect concessions will be offered by China to open the Chinese economy to more overseas investment, to increase imports, lower tariffs and provide greater protection for the intellectual property rights of foreign companies when investing in China.

In this way, President Trump would be able to claim success in terms of extracting better trading terms for the US from a number of trading partners, thus enabling the global economy to avoid the potential negative implications from the emergence of a global trade war.

As a result, we believe the global economy will maintain growth close to levels seen in 2017, with growth of 3.3% in 2018 and 3.1% in 2019.

POLITICAL TENSIONS

Other notable issues that have unsettled equity markets in recent months include the political tensions in Italy and Turkey.

Italy

In Italy, the new coalition government has risked a confrontation with the EU over the upcoming 2019 budget proposals, which are due by October. The full implementation of the government's election manifesto would involve a significant increase in Italy's fiscal deficit by up to 6–7% of GDP and if followed through, would likely result in a further sharp rise in Italian bond yields, risking a new EU sovereign bond crisis. However, recent comments from the Italian government suggest the budget proposals will only involve increasing next year's fiscal deficit to around 2% of GDP. This will let some of their stimulus plans be enacted without pushing the deficit to levels that would lead to stresses in the Italian bond market, with potential negative repercussions for European and possibly global equities.

Turkey

Most of the recent concerns are specific to Turkey and are not necessarily replicated in other emerging market countries – so the risk of contagion appears limited. Rising fiscal deficits (even in an environment of strong growth), an already large and rising current account deficit, authoritarianism and nepotism in the appointment of key ministerial appointments have all contributed to Turkey's recent difficulties. Moreover, the central bank's loss of independence and credibility, large levels of foreign borrowing by companies – even in an emerging market context – at a time of severe weakness in the Turkish lira, and tensions with the US related to the detainment of a US citizen have all added to Turkey's woes. These, however, are not evident to the same degree elsewhere. Therefore, we do not believe the situation in Turkey poses a systemic risk to global markets via contagion to other emerging markets.

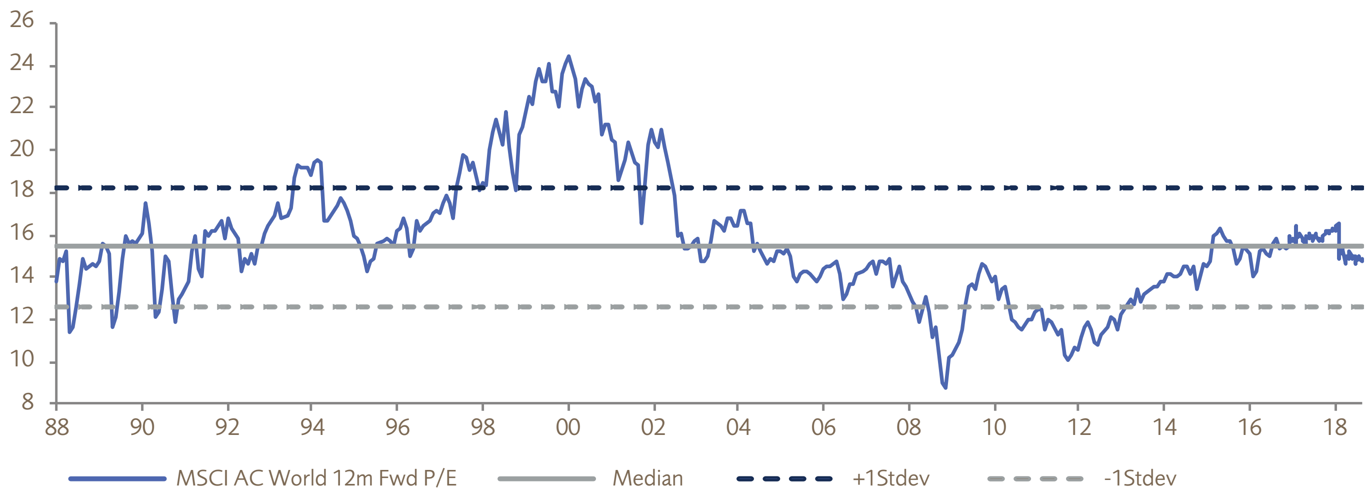
BREXIT

Although political divisions in the UK continue to contribute to significant uncertainty regarding the ultimate outcome of Brexit, time pressures and the costs associated with a 'cliff edge' exit by the UK in March are likely to mean some form of compromise is reached in the coming months. Recent comments from the UK and EU suggest some loosening of 'red lines' on both sides and a willingness to address the remaining unresolved issues in the withdrawal agreement, notably in relation to the Northern Ireland border. The EU chief negotiator, Michel Barnier, recently suggested that a deal could be reached by the middle of November, which should enable the UK to officially exit the EU in March 2019 with a transition deal to the end of 2020. This would let current rules and regulations remain in place and would avoid any immediate disruption to trade, providing time for negotiations on the nature of the future trade relationship between the UK and EU.

EQUITY VALUATIONS

On a valuation basis, equities do not appear stretched, particularly on price-to-earnings (P/E) basis. Global equities are currently trading on a 12-month forward P/E of 14.6x against the long-term median of 15.6x, on the back of the strong earnings growth expected over the remainder of 2018 and into 2019.

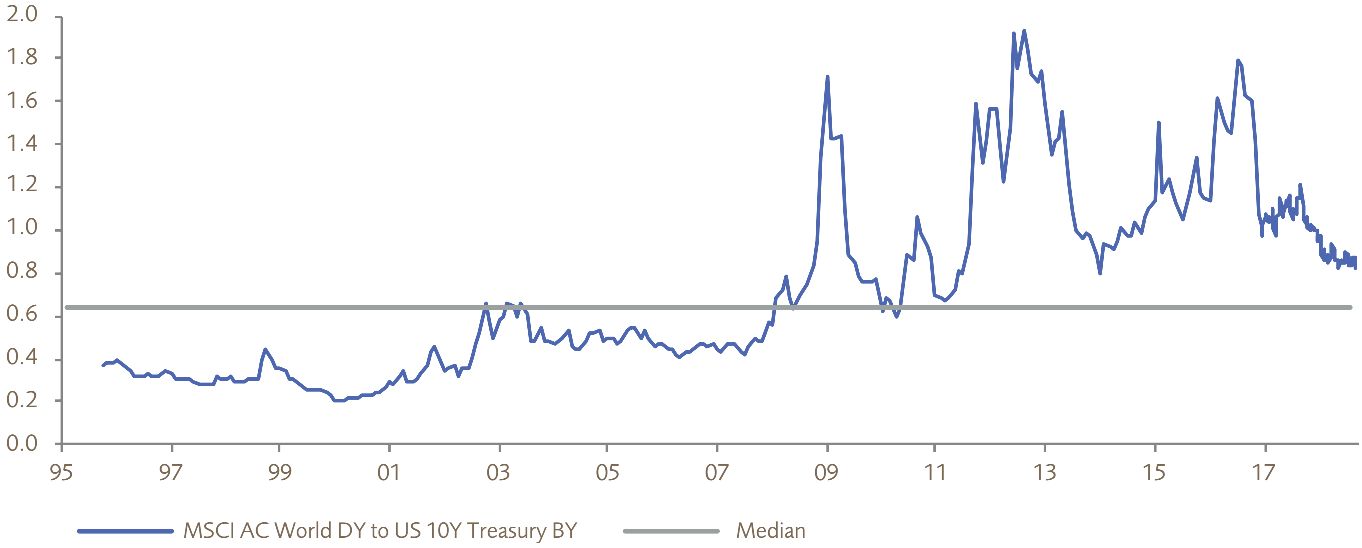
CHART THREE: GLOBAL EQUITIES 12 MONTH FORWARD P/E



Source: Bloomberg

On a relative valuation basis, equities remain very attractive compared to bonds and cash. This is shown below in the dividend yield ratio chart, which compares dividend yields on equities against the yield on US 10-year Treasuries (a proxy for global bonds). Current levels suggest that there is significant upside in equities before they reach fair value versus bonds, on the basis of the historic yield relationship between the two asset classes.

CHART FOUR: GLOBAL DIVIDEND YIELD RATIO



Source: Bloomberg

Over the remainder of 2018, we expect global equities to generate additional gains of low single digits, with further gains likely in 2019 if the economy and earnings are still supportive. While aware of the number and variety of risks currently overhanging markets, which have already contributed to a larger number of drawdowns in equities this year, our base case is that none of these will escalate to the extent that they cause a reversal in the upward trend in equities of recent years.

Summary

Following the positive returns from equities in the year to date, albeit in a more volatile environment compared with 2017, we believe global equities still offer upside of low single digits over the remainder of the year. We believe the positive growth and earnings backdrop remains in place, supporting further upside in equities, particularly given equity valuations do not appear stretched in absolute terms and remain very attractive in relative terms compared to other assets, such as bonds or cash.

FIXED INCOME

EYE ON INFLATION

SECTION 2

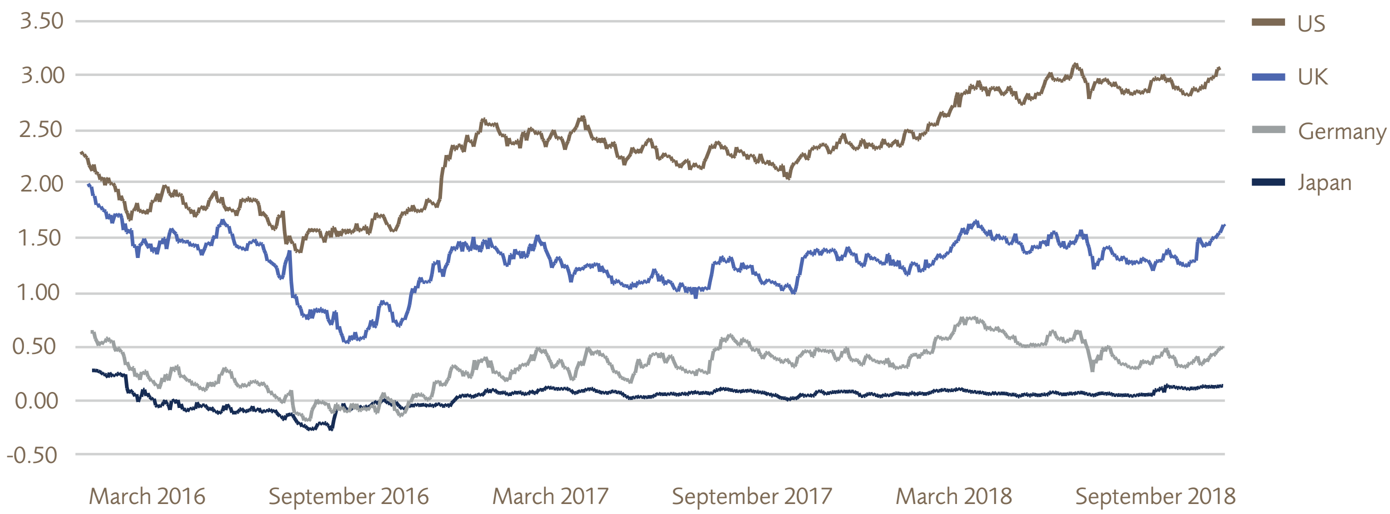
FIXED INCOME – EYE ON INFLATION

- Performance in 2018
- Outlook for the remainder of 2018

PERFORMANCE IN 2018

An optimistic start to 2018 saw bond yields sell off initially, with the 10-year US Treasury yield peaking at 3.12%, while 10-year German bonds reached 0.8%. However, growth concerns emerged when US President Trump started to announce trade tariffs for countries with a large trade surplus versus the US. Growth concerns in the eurozone were further compounded by populist parties gaining control in Italy in the spring general election. The new Italian government initially looked to implement a programme that would have increased the Italian debt by a further €100 billion, which not only upset Italian bond yields, but also caused frictions in terms of possibly breaching strict EU rules. In the resulting flight to quality, 10-year German bond yields dropped to a low of 0.18%, but recovered to 0.33% by the end of August. Overall, the ICE BofA Merrill Lynch Eurozone >5-year government bond index posted a flat return for the first eight months of 2018.

CHART FIVE: 10 YEAR BENCHMARK BOND YIELDS



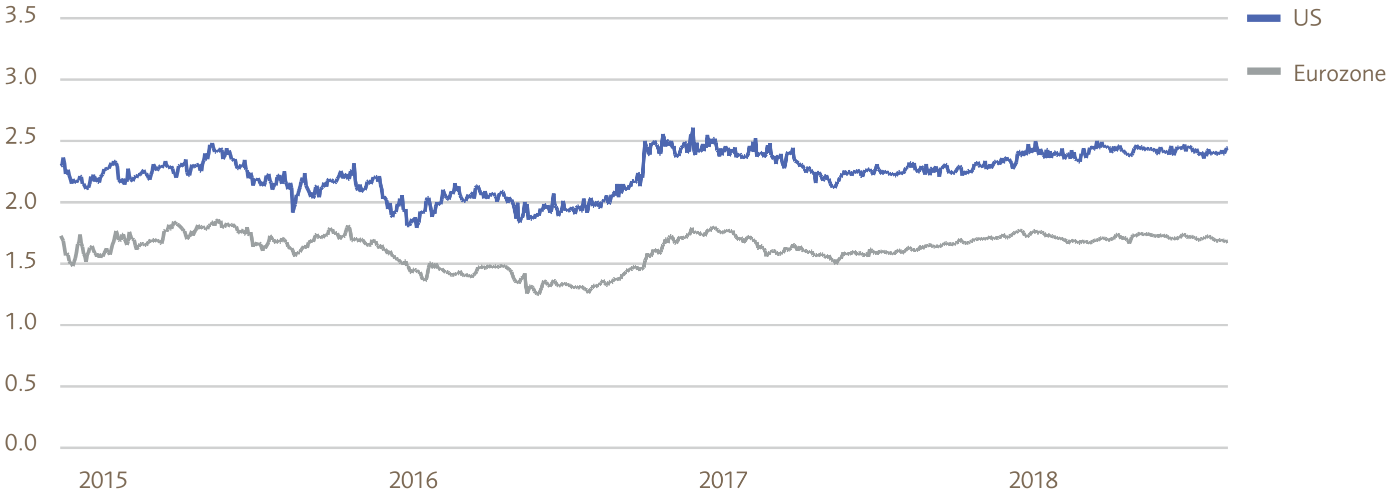
Source: Bloomberg

OUTLOOK FOR THE REMAINDER OF 2018

Given strong growth in the US, together with low unemployment, the US Federal Reserve (Fed) will stick to its rate-hike path with four rate hikes in 2018. This should bring the Fed funds rate to a range of 2.25–2.5% by the end of 2018. Currently, the Fed predicts a further three rate hikes for 2019, which sees the 'ultimate' rate at about 3%. However, with core inflation remaining stubbornly low and 10-year yields still below 3%, the market is closely watching for an inverted yield curve. Given that an inverted yield curve has mostly preceded a recession by several months, Fed policymakers might have to stop the current rate-hiking cycle earlier than anticipated if inflation does not accelerate in the meantime.

In the eurozone, the European Central Bank (ECB) is trailing the Fed by several years; the ECB announced during the summer that quantitative easing will be reduced to monthly bond purchases of €15 billion from October and brought to zero by January 2019. At the same time, the ECB indicated that it sees a first interest-rate hike after the summer of 2019. In this context, the market expects the ECB to move the current deposit rate from -0.40% to about -0.20%. With eurozone core inflation stubbornly remaining at about 1% and medium-term headline inflation expectations at about 1.7% (see chart), the ECB is a long way off from its declared target of inflation close to, but not above, 2%.

CHART SIX: INFLATION EXPECTATIONS



Source: Bloomberg

With the ECB playing the long game and economic growth expected to slow marginally in 2019, bond yields should remain in tight ranges for the rest of the year. We forecast that 10-year German bond yields will remain in a range between 0.3–0.7%, with a test of the January high of 0.8% an outside risk. On the peripheral side, the market will pay close attention to developments in Italy. A more conservative approach by the populist government could see investor confidence return as year-end approaches, especially as Italian bonds offer a substantial yield pick-up over core bond yields. Other peripheral markets, like Spain and Portugal, still offer attractive rates and could further benefit from an improvement in Italy while being less sensitive to Italian volatility.

ALTERNATIVES

INVESTMENT OUTLOOK

SECTION 3

ALTERNATIVES

- Hedge fund flows continue
- Outlook

Continuing recent trends, hedge flow assets have grown in 2018 to over $3.5 trillion. Overall, 53 hedge funds were launched in the second quarter of 2018, a decline from 74 launches in the first quarter, according to research firm Preqin. However, not all strategy groups have seen positive flows. On a 12-month basis, macro/thematic-based funds and those following momentum trends have seen outflows. Fixed income hedge funds have seen positive flows during the same period. North America remains the dominant source of new hedge fund launches; however, its share reduced in the second quarter.

CHART SEVEN: HEDGE FUND LAUNCHES IN Q2 2018 BY STRUCTURE

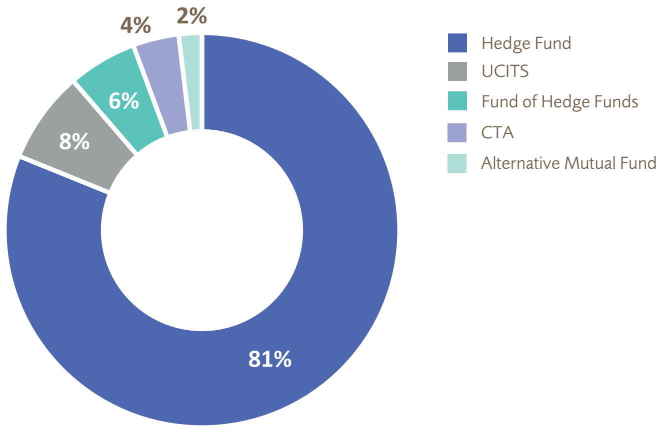
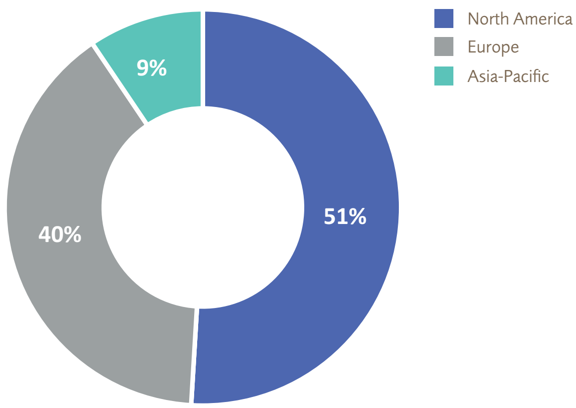


CHART EIGHT: HEDGE FUND LAUNCHES IN Q2 2018 BY MANAGER LOCATION



Source: Preqin

Despite the increased popularity of liquid alternative strategies, traditional hedge funds continue to be the largest driver of new strategies.

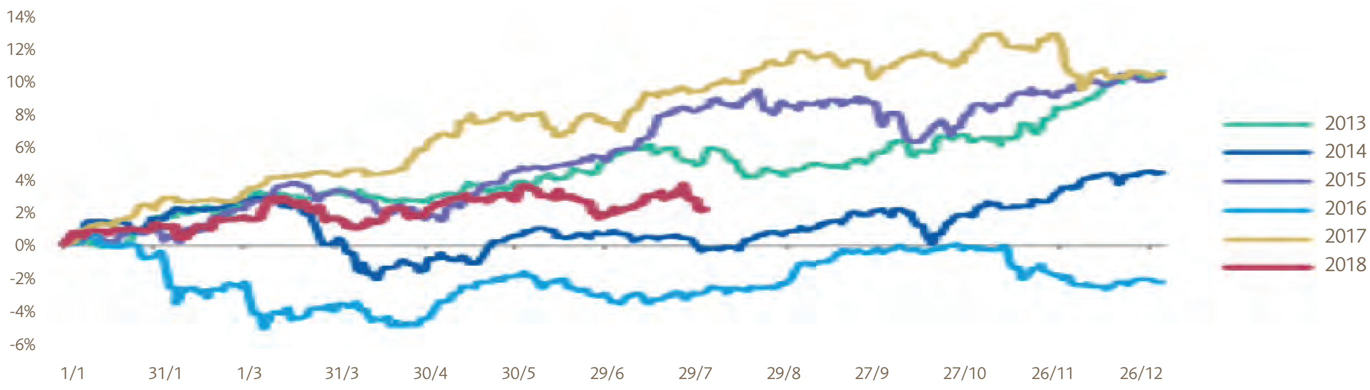
OUTLOOK

We discussed the increase in liquid **Alternative Beta** strategies coming to market in our outlook at the start of the year. The underperformance of Value as a strategy has impacted performance throughout the sector and has detracted from returns, particularly in equities. Other style strategies, such as Momentum and Defensive, have generally performed this year but not enough to offset losses in Value. Periods of strategy underperformance are to be expected, and the evidence and rationale for investing in different style strategies remain as strong as ever. All style strategies have a positive expected return over a cycle, and it is important to remain invested to extract the return.

We expect that diversification away from equities will be important over the next 10 years – and strategies such as Style Premia/ Alternative Beta will likely have a role to play. An alternatives allocation delivers significant diversification benefits to a portfolio, although not, it should be pointed out, as a hedge against the performance of equities.

Equity long/short managers are stock pickers who buy (go 'long') stocks that they believe will appreciate in price over a period of time. Similarly, the manager can bet on a fall in the price (or go 'short') in stocks that they feel are likely to destroy shareholder value. Year-to-date performance has varied greatly as long/short returns have declined from the highs of 2017. Managers with exceptional stock-picking abilities have continued to outperform, however.

CHART NINE: YTD TOTAL ALPHA (LONG APPRECIATION – SHORT APPRECIATION)



Source: Morgan Stanley Prime Brokerage

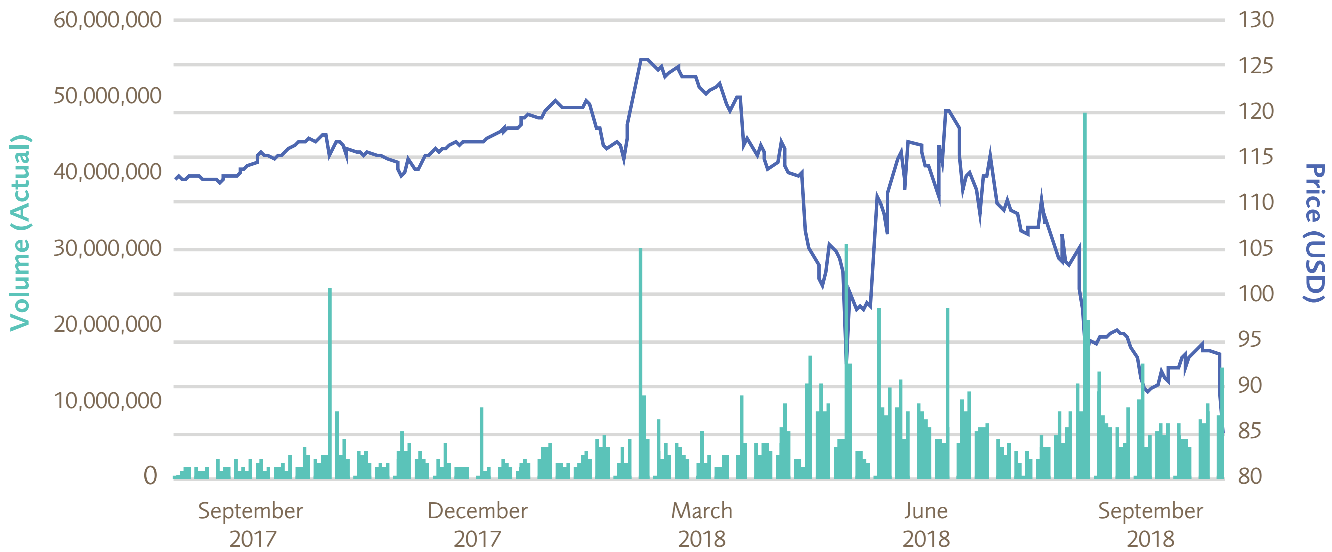
Performance to year-end will be likely be affected by factors such as US-China Trade wars, commodity prices and the underperformance of value strategies. Tesla, as discussed in the first quarter, continues to be popular among short sellers. It remains to be seen how the trade ultimately plays out.

We discussed **Event Driven** strategies in the January outlook, in particular, merger arbitrage which has been performing well for a number of quarters now. This strong performance has broadly continued in 2018, as deals spreads have been favourable.

Merger arbitrage funds aim to make money by buying shares in a company that is the target of a takeover bid, in the hope that the shares will rise towards the offer price. They can also bet that the share price of the company making the bid will fall, aiming to make a return from the 'spread' between the two prices. M&A activity decreased slightly during the summer. This is a common occurrence, but it remains to be seen if activity will pick up in the autumn. Trade-war fears in the US, which is a particularly busy market for M&A, could restrict deal flow as companies become reluctant to get involved in acquisitions.

We have previously looked at the payoffs from successful merger arbitrage deals, but what happens when a deal breaks? Political risk is one of the many factors involved in what is far from a risk-free trade. A good example of this being the failure of American chipmaker Qualcomm's attempted takeover of Dutch counterpart NXP at the end of July. The deal had been approved in a number of jurisdictions, but not in China. The impact was immediately seen in the target's share price as the deal window expired.

CHART TEN: PRICE HISTORY



Source: Preqin

Not all managers will have taken a position in this particular deal, but it does provide an example of how quickly things can unwind in what is a 'classic' hedge fund trade. Merger arbitrage managers are well aware that not all deals will be successful, so a diversified portfolio of trades is key to managing risk effectively.

IRISH PROPERTY

ROBUST IRISH ECONOMY SUPPORTS DEMAND

SECTION 4

IRISH PROPERTY – ROBUST IRISH ECONOMY SUPPORTS DEMAND

- Supported by strong demand
- Outlook for property in 2018

National economic fundamentals continue to support strong demand for property across sectors. A growing workforce and falling unemployment, combined with strong GDP and exports performance, has translated into sustained occupational demand for both office and industrial/logistics space. Likewise, continued population growth and net inward migration is increasing pressure on residential demand, which is contributing to heightened political focus on that sector. While the retail market continues to adjust to the shift in the marketplace to online destinations, consumer sentiment reached a near all-time high in early 2018 and was last recorded at 102.4 in August.

OFFICE DEMAND

Despite consistently high take-up of office space in Dublin since 2014, including a record year of 4.2 million square feet (sq ft) in 2017, current demand is at an all-time high with a large number of requirements for very large space (>50,000 sq ft). Take-up for the first half of 2017 was approximately 1.67 million sq ft, which is the largest absorption for that period since the last cycle. According to Savills, total current demand is estimated at 5.82 million sq ft, which compares to an on-site development pipeline of 4.29 million sq ft. 40% of office space currently under construction is pre-let, with the majority of new space being signed between 3–6 months prior to completion. For context, the total office stock in Dublin is estimated at 40.1 million sq ft.

This level of demand is far greater than has ever been experienced in Dublin and is largely emanating from the information and communications technology (ICT) sector (45%), servicing office providers (16%) and financial services companies (11%).

This demand has helped bolster prime rental values, which have now stabilised following many years of growth in the range of €55–60 per sq ft.

INVESTMENT

Approximately €1.6 billion of >€1 million transactions occurred in Ireland during the first half of 2018 across 83 deals, including seven in excess of €50 million. Irish Life was the only indigenous purchaser in this category.

Over half of the total investment was into the office sector, a continuation of the breakdown of demand over the past five years. Dublin is the dominant location for capital (81%), with increasing interest being attracted to Cork as the cycle matures.

Residential (apartment blocks and student accommodation) accounted for 15% of investment (by value) during the first half of the year, making it the second most active sector, after offices. A large number of schemes are in the planning and development stages, and this proportion is expected to be maintained, or increased, over the short to medium term.

The retail market will be tested again during the fourth quarter of 2018, with a number of proposed sales including Wilton Shopping Centre, Cork, City East Retail Park, Limerick and Navan Shopping Centre (Irish Life holds a 50% interest). A new development of approximately 30,000 sq ft leased to Next (7–9 Henry Street) was sold to Deutsche Bank in July for in excess of €44 million. Deutsche Bank also acquired Westend Retail Park, Blanchardstown for €148 million in May.

PERFORMANCE AND RETURNS

All Irish property, as recorded by IPD/MSCI, returned 8.1% in 2017. This figure includes profits made on sales and developments. If these are stripped out, the return was 6.4%, made up of 1.6% capital growth and 4.7% income return. A similar, though slightly lower level of total return is anticipated for 2018, as capital growth moderates on the back of a number of years of sustained increases. The rolling 12-month return to June 2018 was 7%.

With prime market yields stable at relatively strong levels (office: 4.0%/4.5%; retail: 3.25%/3.75%; industrial: 5.0%/5.75%) and rents similarly strong (particularly for prime office and industrial space), growth is mainly being achieved as a result of active asset management activity and development.

FUND ACTIVITY

There is a large amount of activity currently ongoing across the Irish Life portfolio to take advantage of the current market conditions. Most significantly, development is progressing at 70 St Stephen's Green of a 62,000 sq ft high specification office building. This building is due to be completed in the first quarter of 2020 and is the only new office development currently under construction on the Green. At 74–75 Baggot St (at its junction with the Grand Canal), demolition is underway as part of another office development that is scheduled to deliver 50,000 sq ft of prime space in 2021.

The fund has recently completed the refurbishment of Block 5 Irish Life Centre and 4 Earlsfort Terrace, and those properties have been leased to new tenants at strong rental levels. In the case of Block 5, the most recent rents agreed are the highest ever achieved in or around the Irish Life Centre.
A new flagship office at 13–18 City Quay officially became Grant Thornton's new Irish headquarters in September, following completion of its construction. Irish Life acquired this property as a forward purchase in 2016.

Two new leases were also recently completed in large industrial facilities of approximately 100,000 sq ft and 40,000 sq ft in Citywest Business Campus.

OUTLOOK

We expect to see high levels of transaction activity in 2018. A healthy volume of property is meeting the market (both private and public) in autumn, with a high proportion of deals envisaged and expected to close before year-end.

The total performance of property will likely achieve a similar, though slightly lower level to 2017. This is being bolstered by continued development activity and capturing rental growth through leasing and rent reviews in standing stock.

While development remains ongoing, the current mismatch in supply and demand of residential stock will sustain strong rental performance and investment interest.

It remains to be seen what further impact online retailing will have on the general retail market. However, 'bricks and mortar' retailers are continuously seeking out prime opportunities and a select number of new store openings is anticipated.

The Irish retail market accommodates a heavy concentration of British retailers, and uncertainty caused by Brexit has had a knock-on impact on confidence in this sector. With a looming deadline of March 2019, despite negligible progress thus far, clarity is anticipated in the coming months and a sensible approach should boost investor confidence in this sector.

INDEX PERFORMANCES AND MARKET DATA

SECTION 5

INDEX PERFORMANCES AND MARKET DATA

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	5.3
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-3.1
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	-1.8
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	-1.6
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	10.3
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	15.2
Nikkei 225	56.7	7.1	9.1	0.4	19.1	4.0
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-5.4
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.5

Source: Moneymate

Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	3.1
German	1.9	0.5	0.6	0.2	0.4	0.5
UK	3.0	1.9	1.9	1.2	1.2	1.6
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	1.0
Italy	4.1	2.1	1.6	1.8	2.0	2.9
Greece	8.2	9.6	7.9	7.1	4.1	4.1
Portugal	6.1	2.7	2.5	3.8	1.9	1.9
Spain	4.1	1.6	1.7	1.4	1.6	1.5

Source: Bloomberg

Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.00
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.00

Source: Bloomberg

Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/$)	1.37	1.21	1.09	1.04	1.20	1.18
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.89
Sterling/Dollar (£/$)	1.65	1.56	1.46	1.24	1.36	1.32

Source:

IPD All Property Return % (in Local Currency)	2013	2014	2015	2016	2017	2018*
Ireland	12.7	40.1	25.0	12.8	8.1	5.5
U.K.	10.7	17.8	13.1	3.6	10.3	3.7
U.S.	11.4	11.2	12.1	7.8	7.1	3.7

Source: IPD

Year to date figures to 20 September 2018.
* To end of Quarter 2.

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